GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:53
ANSWERED ON:03.03.2005
REFINING COST OF OIL PRODUCTS
Reddy Shri Karunakara G.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the refining cost of various oil products per barrel;

(b) the basis on which the cost of production per litre petrol/diesel is estimated;

(c) whether the production cost of various oil products is more in public sector refineries than the private sector refineries;

(d) if so, the main reasons therefor; and

(e) the steps taken/proposed to be taken to reduce the production cost of oil products?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.53 BY SHRI G. KARUNAKARA REDDY TO BE ANSWERED ON 3RD MARCH 2005 REGARDING REFINING COST OF OIL PRODUCTS.

(a) to (e): Oil refining is a continuous process and the cost of refining of individual petroleum products is not worked out separately because all products are produced together. The cost of refining crude oil depends upon a number of factors including the type of crude oil, size of refinery, refinery configuration, age of equipment, technology used, etc. The average refining cost of public sector refineries during 2003-04 was Rs.511/MT. This cost includes costs incurred towards chemicals, utilities, salaries, maintenance, overhead expenses and depreciation on fixed assets but does not include the cost of capital. The details of the refining costs of private sector refineries are not available.

The cost of refining varies from refinery to refinery and efforts are continuously made to reduce costs. The Centre for High Technology under the Ministry of Petroleum and Natural Gas has taken up a study for operational benchmarking of 15 public sector refineries through M/s Shell Global Solutions International of the Netherlands. Under this study, the performance of Indian refineries would be evaluated on certain Key Performance Indicators for comparison with refineries abroad. The results of the study are awaited. Further measures will be decided in the light of this study.